



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

DOGM
MINERALS PROGRAM
FILE COPY

July 13, 1989

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *LPB*

FROM: D. Wayne Hedberg, Senior Reclamation Specialist/Hydrologist *DWH*

RE: Request for Board Concurrence, Amount and Form of Reclamation Surety, Marblehead Mountain Processing Facility, U.S. Pollution Control Incorporated, M/045/024, Tooele County, Utah

Attached for your information is a copy of the completed Reclamation Contract (Form MR-RC) for U.S. Pollution Control Incorporated's (USPCI), Marblehead Mountain Limestone Processing Plant, located in Tooele County, Utah. The Board of Oil, Gas and Mining approved of the amount and form of reclamation surety for this operation during its January 26, 1989 hearing. A condition to final approval required USPCI to complete a Reclamation Contract form.

USPCI has submitted a reclamation surety (surety bond) in the amount of \$269,000 for reclamation of the disturbed area associated with this processing facility. A copy of the surety bond is attached to the Reclamation Contract for your review.

Upon the Board's acceptance of the completed Reclamation Contract form, the Division will issue final written approval of the reclamation surety and permit transfer to USPCI for the Marblehead Mountain Processing Facility.

jb
Attachments
MN2/34

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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3 Triad Center, Suite 350
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DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/045/024
(Mineral Mined) DOLOMITE + LIMESTONE

"MINE LOCATION":

(Name of Mine) MARBLEHEAD M-N PROCESSING
(Description) FACILITY
PROCESSING OF DOLOMITE

"DISTURBED AREA":

(Disturbed Acres) 80 ACRES
(Legal Description) Exhibit A

"OPERATOR":

(Company or Name) USPCI INC / MERR CORP
(Address) 8960 NORTH, Hwy 40
LAKEPOINT
UT 84074
(Phone No.) 801 252 2000

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

JOHN BOOTLE

8960 NORTH, HIGHWAY 40

LAKEPOINT

UT 84074

801 252 2000

"OPERATOR'S OFFICER(S)":

MR J HESSMAN

"SURETY":

(Form of Surety - Exhibit B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

SAFECO Ins Co

"SURETY AMOUNT":

(Escalated Dollars)

\$269,000

"ESCALATION YEAR"

1993

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/024 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.

4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operators liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in this Contract.

10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of _____, 19____.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director Date

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 19____, personally
appeared before me, who being by me duly sworn did say that he/she,
the said _____ is the Director
of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/she duly acknowledged to me that
he/she executed the foregoing document by authority of law on behalf
of the State of Utah.

Notary Public

Residing at: _____

My Commission Expires:

OPERATOR:

By Steve C.P. Fan V.P.
Corporate Officer - Position

5/25/89
Date

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

ss.

On the 25th day of May, 1989, personally
appeared before me Steve C.P. Fan who being by
me duly sworn did say that he/she, the said Steve C.P. Fan
is the Vice President
of USPCI, INC. and duly acknowledged that said
instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said
Steve C.P. Fan duly acknowledged to me that said
company executed the same.

Paula F. Shipley
Notary Public
Residing at: Oklahoma City, OK

My Commission Expires: 10-4-92

INSTITUTION:

SAFECO INSURANCE COMPANY OF AMERICA

Surety (Company)

Peggy Sapienza
Peggy Sapienza, Attorney in fact
Company Officer - Position

JULY 5, 1989

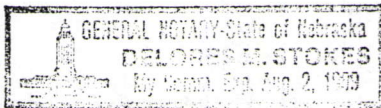
Date

STATE OF NEBRASKA)

) ss:

COUNTY OF DOUGLAS)

On the 5TH day of JULY, 19 89, personally appeared before me Peggy Sapienza who being by me duly sworn did say that he/she, the said Peggy Sapienza is the Attorney in fact of Safeco Insurance Company of America and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Peggy Sapienza duly acknowledged to me that said company executed the same.



Delores M. Stokes

Notary Public

Residing at: Omaha, Ne.

8/2/89
My Commission Expires:

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.



POWER
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. _____

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

-----HARRY A. KOCH, JR.; DOUGLAS G. DURBIN; D. M. STOKES; HARRY D. KOCH;
PEGGY SAPIENZA; JANE A. WALSH, Omaha, Nebraska-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 11th day of April, 1986.

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh A. Dickey, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 5th day of July, 19 89.